Dominion Citrus

First Quarter 2002 Report to Shareholders
Three months ended March 30, 2002

FULLY DILUTED EARNINGS PER SHARE UP 52%.

TORONTO, May 9, 2002: **Dominion Citrus Limited (TSE:DMN)** announced record first quarter 2002 financial results, with fully diluted earnings per share of $0.03 up 52% compared to the same period last year. Revenue of $24.451 million increased by $1.689 million or 7.4%. These financial results represent the fifth consecutive quarter of year over year improvement to earnings, since the Company went public in early 2001.

"We are pleased with a solid start for the Company in the first quarter" said Michael Blair, Dominion Citrus Limited Chairman and CEO. "While competition and margin pressure on our US import programs remain strong, the Company's strategy of differentiating itself through its international programs was a key contributor driving the operating margin improvements in the wholesale and processing divisions."

"During the quarter the Company announced it adopted a regular, semi-annual dividend of $0.02 per share and also completed a key financing in early February, providing $5 million in long term convertible debt," added Blair. "Dominion Citrus has a strong balance sheet, and the additional financing may be used by management to structure appropriate financial terms for potential accretive acquisition opportunities, expansion of existing facilities or general corporate purposes. The Company will offset the interest cost on this debt in advance of utilizing the funds by investing the proceeds in marketable securities."

"Our outlook for the remainder of fiscal 2002 is positive, and we expect that we will increase revenue and earnings compared to last year", said Blair."

Revenue

Dominion Citrus Limited ("Dominion Citrus") revenue for the quarter ended March 30, 2002 was $24.451 million, an increase of $1.689 million or 7.4% versus the same period a year ago. The year over year increase in revenue was attributable to increases in selling prices of California commodities impacted by unfavourable weather conditions, better banana pricing and the sale of certain offshore commodities historically not available in large quantities in the 1st quarter. Additionally, there were five extra days of 1st quarter 2002 revenue, resulting from the mid 2001 Dominion Citrus fiscal calendar re-alignment to standardized 13-week quarter end dates.

Gross Margins

Consolidated gross margins for the quarter totaled $4.470 million or 18.3%. This compares favourably with a 16.6% gross margin rate achieved last year, due to improved margins obtained from the sale of offshore products.

Expenses

Total operating expenses were $3.768 million during the quarter. Warehouse & delivery expense of $2.221 million was in line with last year's results, after factoring the additional week of activities. Selling expenditures increased by $0.048 million versus fiscal 2001, driven by incremental promotional and demonstration events for the Apple Valley product lines, and the additional week.

General & Administrative expenses of $1.046 million increased $0.298 million compared to fiscal 2001, and resulted primarily from the strengthening of key management resources, coupled with inflationary increases in expenses. Additionally, consulting expenses for the information system implementation and corporate expense provisions were other contributors to the increase.

Net interest expense increased $0.049 million compared to last year, resulting from additional interest cost associated with the February 1, 2002 debenture financing. Management was unable to offset the carrying cost of the debt during this quarter, as the $5.000 million proceeds generated low interest income for two months. Subsequent to the quarter end, management invested the proceeds into a diversified portfolio of marketable securities.

Other Income (Expense)

The Company earned $0.077 million in other income during the quarter, compared to a loss of $0.089 million last year. Foreign exchange gains for the three months ended March 30, 2002 were $0.077 million, down slightly to the $0.111 million earned in fiscal 2001. The decrease is attributable to reduced FX trading opportunities during the quarter. Additionally, in fiscal 2001 the Company took a charge of $0.200 million related to a restructuring of the corporate finance organization.

Net Earnings

Net earnings of $0.475 million or $0.03 EPS (fully diluted) is reported for the three months ended March 30, 2002, which is a 52% improvement to the $0.289 million or $0.02 EPS earned during the 1st quarter 2001.

Liquidity and Capital Resources

The Company had cash and cash equivalents on hand of $7.426 million as at March 30, 2002, an increase of $4.822 million from year end. Cash flow from operations was $0.651 million, resulting primarily from net earnings of $0.475 million, adjusted for non-cash items of $0.265 million. Changes in working capital usage reduced operating cash flow by $0.089 million.

Financing Activities

During the quarter, the Company paid a dividend of $0.02 per share, or $0.325 million, and made a quarterly installment payment of $0.167 million on the non-revolving term credit facility.

On February 1, 2002, the Company raised $5.000 million in a private placement of seven-year convertible debentures, yielding $8.5%. The debentures are convertible at any time into common shares at $1.40 per share, which represented a 22% premium to the closing price of the Company shares on January 31, 2002.

Capital Expenditures

Capital expenditures of $0.141 million during the quarter were planned and were generally for costs associated with the implementation of the new information system, as well as operating leasehold improvements in the divisions.

Debt

Dominion Citrus' total debt as at March 29, 2002 totaled $7.205 million, including a current portion of $0.734 million. The debt is comprised of a $5.000 million, 7-year debenture; $1.833 million in a non-revolving term credit facility and a $0.372 million mortgage on equipment.

Additionally, the Company has available a $3.000 million revolving credit facility, which has not been drawn and remains fully available to the Company.

Forward Looking Statements

The Company and its representatives periodically make written and oral statements, included those contained in the Annual Report, which may pertain to the Company or the environment in which Dominion Citrus operates. By their nature, forward-looking statements are subject to risks and uncertainties, which could result in actual performance or conditions being materially different from anticipated results.

Readers should not place undue reliance on these forward looking statements when making decisions, and should consider the date to which the statements were made. Except as required by applicable security law, management disclaims any intention or obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events or otherwise.

Fiscal 2002 Outlook

Management feels that the Company is properly positioned to improve the financial results generated in fiscal 2001. The produce wholesaling & processing segment of the business remains extremely competitive. The first quarter introduction of the new information system in one division is now providing management with improved information; however, it is too early to quantify the impact this real time information will have on the financial results.

The juice processing division has undergone significant engineering and business practice changes during the past six months. As a result, the division has incurred operating losses during this transformation. Management believes the majority of the structural changes are in place, and that the division should begin to improve its year over year operating performance by the third quarter.

As stated in the annual report, management believes it can leverage its solid financial position, financing flexibility and public company profile to attract acquisition opportunities to increase shareholder value. Management is committed to prudent growth of the core business thorough acquisition or joint ventures, and will focus on seeking accretive opportunities in related food service businesses in either Canada or the USA.

DOMINION CITRUS LIMITED
CONSOLIDATED STATEMENTS OF EARNINGS
3 MONTHS ENDED MARCH 30, 2002 AND MARCH 23, 2001
(Unaudited)

	2002	2001
REVENUE	$ 24,451,000	$ 22,762,000
COST OF GOODS SOLD	19,981,000	18,977,000
GROSS MARGIN	4,470,000	3,785,000
EXPENSES		
Warehouse and delivery	2,221,000	2,069,000
Selling	415,000	367,000
General and administrative	1,046,000	748,000
Interest expense (net)	86,000	37,000
	3,768,000	3,221,000
OPERATING INCOME	702,000	564,000
OTHER INCOME (EXPENSE)		
Foreign exchange	77,000	111,000
Restructuring charge	-	(200,000)
	77,000	(89,000)
EARNINGS BEFORE INCOME TAXES	779,000	475,000
INCOME TAXES	304,000	186,000
NET EARNINGS FOR THE QUARTER	$ 475,000	$ 289,000
PER SHARE: (see Notes)		
Basic	$ 0.03	$ 0.02
Fully diluted	$ 0.03	$ 0.02

DOMINION CITRUS LIMITED

CONSOLIDATED BALANCE SHEET

(Unaudited)

	As at :	
	Mar. 30/02	**Dec. 31/01**
ASSETS		
CURRENT ASSETS		
Cash	$ 7,426,000	$ 2,604,000
Accounts receivable	9,825,000	10,119,000
Inventories	3,047,000	2,765,000
Prepaid expenses	117,000	140,000
Income taxes receivable	172,000	-
	20,587,000	15,628,000
CAPITAL ASSETS	4,785,000	4,830,000
OTHER ASSETS	830,000	644,000
	$ 26,202,000	$ 21,102,000
LIABILITIES		
CURRENT LIABILITIES		
Cheques in transit	$ 3,724,000	$ 3,729,000
Accounts payable and accrued liabilities	10,594,000	10,098,000
Income taxes payable	-	412,000
Due to Automodular Corporation	-	40,000
Current portion of long-term liabilities	734,000	734,000
	15,052,000	15,013,000
LONG-TERM PAYABLES	342,000	333,000
LONG-TERM LIABILITIES	6,471,000	1,648,000
FUTURE INCOME TAXES	146,000	67,000
	22,011,000	17,061,000
SHAREHOLDERS' EQUITY		
CAPITAL STOCK	1,745,000	1,745,000
RETAINED EARNINGS	2,446,000	2,296,000
	4,191,000	4,041,000
	$ 26,202,000	$ 21,102,000

DOMINION CITRUS LIMITED

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

3 MONTHS ENDED MARCH 30, 2002 AND MARCH 23, 2001

		2002		2001
RETAINED EARNINGS – BEGINNING OF QUARTER	$	2,296,000	$	748,000
Net earnings for the quarter		475,000		289,000
Dividends		325,000		-
RETAINED EARNINGS – END OF QUARTER	$	2,446,000	$	1,037,000

DOMINION CITRUS LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS

3 MONTHS ENDED MARCH 30, 2002 AND MARCH 23, 2001

	2002	2001
CASH PROVIDED BY (USED IN)		
OPERATIONS		
Net earnings for the quarter	$ 475,000	$ 289,000
Items not involving current cash flows -		
Amortization of capital assets	186,000	190,000
Amortization of goodwill	-	16,000
Gain on disposal of capital assets	-	(7,000)
Future income taxes	79,000	18,000
	740,000	506,000
Net change in non-cash working capital -		
Accounts receivable	294,000	975,000
Inventories	(282,000)	446,000
Prepaid expenses	23,000	36,000
Due to Automodular Corporation	(40,000)	62,000
Cheques in transit	(5,000)	(622,000)
Accounts payable and accrued liabilities	505,000	305,000
Income taxes	(584,000)	(33,000)
	651,000	1,550,000
FINANCING ACTIVITIES		
Bank indebtedness	-	(295,000)
Other assets	(186,000)	-
Repayment of long-term liabilities	(177,000)	(15,000)
Proceeds from long-term liabilities	5,000,000	-
Dividends paid	(325,000)	-
	4,312,000	(310,000)
INVESTING ACTIVITIES		
Capital expenditures	(141,000)	(128,000)
Proceeds on disposal of capital assets	-	8,000
Issue of common shares	-	-
Due from Automodular Corporation	-	-
	(141,000)	(120,000)
CHANGE IN CASH	4,822,000	1,120,000
CASH – BEGINNING OF QUARTER	2,604,000	-
CASH – END OF QUARTER	$ 7,426,000	$ 1,120,000
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	$ 103,000	$ 37,000
Income taxes paid	$ 809,000	$ 201,000

DOMINION CITRUS LIMITED

SEGMENTED INFORMATION

3 MONTHS ENDED MARCH 30, 2002 AND MARCH 23, 2001

		2002	2001
(a)	Produce Wholesaling and Processing		
	Revenues	$ 22,877,000	$ 21,145,000
	Operating income	788,000	494,000
	Amortization of capital assets	123,000	129,000
	Amortization of goodwill	-	10,000
	Capital expenditures	133,000	93,000
	Segment assets	21,663,000	13,188,000
(b)	Juice Processing		
	Revenues	$ 1,574,000	$ 1,617,000
	Operating income	(86,000)	70,000
	Amortization of capital assets	63,000	61,000
	Amortization of goodwill	-	6,000
	Capital expenditures	8,000	35,000
	Segment assets	4,539,000	4,426,000
(c)	Total		
	Revenues	$ 24,451,000	$ 22,762,000
	Operating income	702,000	564,000
	Amortization of capital assets	186,000	190,000
	Amortization of goodwill	-	16,000
	Capital expenditures	141,000	128,000
	Assets	26,202,000	17,614,000

DOMINION CITRUS LIMITED

NOTES TO CONSOLIDATE FINANCIAL STATEMENTS

3 MONTHS ENDED MARCH 30, 2002 AND MARCH 23, 2001

(Unaudited)

The consolidated interim financial statements should be read in conjunction with the company's most recent annual consolidated financial statements, as they do not conform in all respects with the requirements of Canadian GAAP as pertaining to audited annual financial statements. The interim statements follow the same accounting policies and procedures as the most recent audited statements; and while reviewed by the Audit Committee of the Board of Directors' for overall compliance, have not been subjected to the same degree of testing and verification as the audited annual financial statements.

Business Combinations and Goodwill

In 2001, the CICA issued Handbook Sections 3062, "Goodwill and Other Intangible Assets". These new standards establish criteria for identifying and measuring intangible assets acquired in business combinations that are recorded and reported apart from goodwill. Goodwill is no longer amortized, but instead is tested for impairment at least annually by comparing fair values with book values.

The Company adopted these standards beginning January 1, 2002, and discontinued amortization of goodwill as of that date. Additionally, the Company will separate the disclosure of intangible assets and goodwill in the Notes to the Financial Statements at fiscal 2002 year end.

The Company incurred $0.016 million in goodwill amortization in the 1st quarter of fiscal 2001. The adoption of CICA 3062 retroactively had no material impact on reported Q1 2001 earnings per share.

Material Event

On February 4, 2002, the Company announced that it completed a private placement of $5 million, 8.5% debentures. The debentures have a seven (7) year term, and are convertible into common shares at $1.40 per share. Beginning on February 1, 2006, debenture holders may elect for principal repayments of up to $500,000 in aggregate per year.

Legal and financing costs associated with the debenture issuance were incurred and are classified under Other Assets. These costs will be amortized over the life of the debenture.

The convertible debentures meet the definition of a compound financial instrument in that they contain both a liability and equity component, under option to convert the debenture into shares. Under Section 3860 of the CICA Handbook, the proceeds of the convertible debenture must be allocated between equity and liability components. The Company will perform a review during the next quarter and will update the classification on the Balance Sheet accordingly.

Calendar Re-alignment

In order to better align the corporate fiscal calendar quarter end dates with the traditional months of the year, the company changed its quarterly reporting to standardized 13-week periods in Q3 2001. For comparative purposes, fiscal 2001 Q1 had 12 weeks of operating results.

Earnings per Share	**Net Earnings**	**Wt. Avg. Shares**	**EPS**
Net Earnings	$475,000	16,275,000	$0.03
Add : tax effected debenture interest	$ 43,000	2,381,000	
Stock Options		542,000	
Fully Diluted Earnings per Share	$518,000	19,198,000	$0.03

Comparative Figures

Certain 2001 figures in the accompanying Consolidated Financial Statements have been reclassified to conform to the 2002 presentation.